ENBRIDGE INC
Form 6-K
March 29, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

Dated March 29, 2011

Commission file number 001-15254

ENBRIDGE INC.

(Exact name of Registrant as specified in its charter)

Canada	**None**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3000, 425 1st Street S.W.

Calgary, Alberta, Canada T2P 3L8

(Address of principal executive offices and postal code)

(403) 231-3900

(Registrants telephone number, including area code)

Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F o Form 40-F x

Indicate by check mark if the Registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes o No x

Indicate by check mark if the Registrant is submitting the Form 6-K in paper as permitted by regulation S-T Rule 101(b)(7):

Yes o No x

Indicate by check mark whether the Registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No x

If Yes is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b):

N/A

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM S-8 (FILE NO. 333-145236, 333-127265, 333-13456, 333-97305 AND 333-6436), FORM F-3 (FILE NO. 33-77022) AND FORM F-10 (FILE NO. 333-152607 AND 33-170200) OF ENBRIDGE INC. AND TO BE PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

The following document is being submitted herewith:

- Annual Report for the year ended December 31, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

			ENBRIDGE INC. (Registrant)
Date:	March 29, 2011	By:	/s/ Alison T. Love Alison T. Love Vice President, Corporate Secretary & Chief Compliance Officer

2010 was a year of significant

accomplishment and continued

growth, tempered by incidents

that will have a lasting impact

on our Company.

Enbridge had another very strong financial year in 2010, delivering outstanding organic growth across all of its business units and simultaneously securing new projects and assets that will extend the Company s enviable rate of growth well into the future.

As great as these accomplishments were, 2010 was also humbling for Enbridge as we experienced two significant crude oil pipeline leaks in the United States. Applying the lessons learned from those leaks is the top priority for the Company.

STRONG GROWTH

Enbridge again achieved industry-leading earnings per share growth in 2010. Adjusted earnings per share rose 13% to $2.66 per common share, which builds on a 25% increase in 2009.

Our 2010 growth was driven by two factors: the strong financial performance of all our businesses and the commencement of operations of $6.5 billion in new projects.

Over the past three years we have brought over $12 billion in projects into service and we currently have another $6 billion of commercially secured projects coming into service by 2014, as well as $30 billion of new opportunities under development across all of our businesses. In 2010 alone, we secured $4 billion in new growth projects and assets, and in the first two months of 2011 we announced an additional $0.4 billion in investments.

We are well positioned to meet our long-term growth objectives. We anticipate Enbridge s adjusted earnings per share will grow at an average annual rate of 10% through the middle of this decade and, with the Company s cash flow anticipated to grow at an even more rapid pace, we expect to continue delivering exceptional dividend growth to our investors. The Board has increased the 2011 dividend by 15%. Enbridge has increased its dividend an average of 11% per year over the past 10 years, and in more than 55 years as a publicly traded company we have never reduced the dividend. Few North American companies can match this record of accomplishment.

Our growth opportunities are aligned with our very reliable, low-risk business model that results in highly predictable earnings. We are involved in strategically important geographies, including the Canadian oil sands, the Bakken Formation, the Midwest Texas and Louisiana shale gas plays and offshore natural gas and oil. Our interests in wind, solar and alternative green energy power generation

are focused on the growing renewable energy demand in North America.

LIQUIDS PIPELINES

In 2010, we put into service on budget and ahead of schedule the $3.5 billion Alberta Clipper Project, which represents the largest mainline expansion in Enbridge s history, and the unique $2.3 billion Southern Lights pipeline from Chicago to Edmonton that is the first to deliver diluent to western Canada.

In the Athabasca region we have secured six new projects that are valued at $2.6 billion and are expected to go into service between 2011 and 2014. These include the expansion of the Company s Athabasca Pipelines, expansion of our Waupisoo Pipeline, three new pipelines Woodland, Wood Buffalo, and Norealis and expansion of Enbridge s Edmonton terminal facilities. Enbridge s Regional

FINANCIAL HIGHLIGHTS

Year ended December 31,	**2010**	2009	2008
(millions of Canadian dollars, except per share amounts)			
Earnings per Common Share	**2.60**	4.27	3.67
[redacted]	**2.66**	[redacted]	[redacted]
[redacted]	**1.70**	[redacted]	[redacted]
[redacted]	**648**	[redacted]	[redacted]
[redacted]	**12.9%**	[redacted]	[redacted]
[redacted]	**66.7%**	[redacted]	[redacted]

OPERATING HIGHLIGHTS

[redacted]		[redacted]
	2,168	
	291	
	144	
	276	
	1,600	
	1,456	
	1,962	
	393	
	1,981	

1 Enbridge System includes Canadian mainline deliveries in Western Canada and to the Lakehead System at the United States border, as well as Line 8 and Line 9 in Eastern Canada.

2 Volumes are for the Athabasca mainline and the Waupisoo Pipeline and exclude laterals on the Enbridge Regional Oil Sands System.

3 Number of active customers is the number of natural gas consuming Enbridge Gas Distribution customers at the end of the period.

Oil Sands System, which currently connects five producing oil sands projects, will connect eight producing projects by 2014. We continue to hear encouraging announcements of growth and investment in the oil sands, and Enbridge is very well positioned to provide a wide range of flexible and cost effective transportation solutions to existing and new shippers.

Also in 2010, Enbridge Income Fund and Enbridge Energy Partners, L.P. completed expansions of their Saskatchewan and North Dakota systems, respectively. Additionally, they announced a new $560 million Bakken Expansion Program that will increase capacity out of the region by another 145,000 barrels per day starting in early 2013.

In May 2010, we reached a major milestone when we filed our regulatory application with the National Energy Board for the $5.5 billion Enbridge Northern Gateway Pipeline Project, a proposed twin pipeline system running between Edmonton, Alberta to a new marine terminal in Kitimat, British Columbia to export crude oil and import condensate. We have strong commercial support for Northern Gateway, with a consortium of Canadian producers and Southeast Asian refiners acting as our funding partners as we move through the regulatory process. We are also offering Aboriginal communities along the pipeline route

up to 10% of the equity in the project. The project will bring long-term economic and social benefits to not only northern British Columbia and Alberta, but also all of Canada.

GAS PIPELINES, PROCESSING AND ENERGY SERVICES

All three of our geographically distinct gas pipeline businesses gathering and processing, offshore pipelines and long-haul transmission hold strong competitive positions.

In 2010, Enbridge Energy Partners grew its natural gas infrastructure in the Lower 48, acquiring US$700 million in assets in the prolific Granite Wash area located in the Texas Panhandle region and southwest Oklahoma.

The sanctioning by Chevron in October of its Jack St. Malo project in the Gulf of Mexico has enabled us to advance our US$400 million Walker Ridge Gas Gathering System. We are also in the engineering phase for the US$250 million Big Foot Oil Pipeline. Both of these ultra deepwater projects are commercially secured and are structured to strengthen returns and to align closely with Enbridge s reliable business model.

In early 2011, we announced a $150 million expansion of the condensate processing capacity of our Venice, Louisiana facility to accommodate additional offshore natural gas production.

We expect the expansion, which will double capacity to approximately 12,000 barrels of condensate per day, will be in service in late 2013.

The Alliance Pipeline is strategically positioned to continue to realize strong returns by virtue of its proximity to liquids-rich shale gas plays in northeast British Columbia and the Bakken Formation.

GAS DISTRIBUTION

Enbridge Gas Distribution (EGD), one of the fastest growing utilities in North America, is continuing to boost its return on investment under Incentive Regulation in Ontario. EGD is adding over 30,000 new customers a year.

In February 2011, Enbridge announced it will invest $145 million to acquire an additional 6.8% interest in Noverco, bringing its total interest to 38.9%. Noverco owns 71% of Gaz Metro Limited Partnership, which owns gas distribution and gas pipelines assets in Quebec and gas and electric power distribution and transmission assets in Vermont.

GREEN ENERGY

In 2010, we commissioned the 80-MW Sarnia Solar facility, one of the largest photovoltaic solar facilities in the world, announced the 99-MW Greenwich Wind Energy Project in Ontario and entered the U.S. green energy market by securing the 250-MW Cedar Point Wind Energy Project in Colorado.

Executive Management Team *(left to right)*

David T. Robottom *Executive Vice President & Chief Legal Officer*

Janet Holder *President, Enbridge Gas Distribution*

J. Richard Bird *Executive Vice President, Chief Financial Officer & Corporate Development*

Al Monaco *President, Gas Pipelines, Green Energy & International*

Stephen J. Wuori *President, Liquids Pipelines*

Patrick D. Daniel *President & Chief Executive Officer*

We concluded 2010 with the substantial completion of the Talbot Wind Energy project in Ontario, and in February 2011 announced the acquisition of the Amherstburg and Tilbury solar projects.

Enbridge has secured over $1.5 billion in green energy projects over the past 18 months and we expect that rate of growth to continue. Our investments generate predictable and reliable returns supported by long-term power-purchase agreements with creditworthy counterparties, combined with fixed price contracts for engineering, procurement and construction. They also support our Neutral Footprint initiative to help ensure that the construction of Enbridge s new projects have no net environmental impact.

RESPONDING TO INCIDENTS

On July 26, 2010 a leak of an estimated 20,000 barrels of crude oil occurred on our Line 6B pipeline near Marshall, Michigan. That leak was the most serious environmental incident in our long history. And on September 9, 2010, an estimated 9,000 barrels of crude oil (of which approximately 1,400 barrels were removed from the pipeline as part of the repair) were released from our Line 6A in an industrial section of Romeoville, Illinois.

These incidents tested our ability to respond to the individuals and communities affected by the leaks, to the regulators and numerous agencies involved in the response effort, and to our customers whose deliveries were disrupted by the prolonged shutdown of the affected pipelines.

No accident or spill will ever be acceptable to us and we are more determined than ever to meet our goal of zero incidents. We take pride in Enbridge s employees and the commitment they have demonstrated to responding to these incidents and applying what we have learned to ensure that incidents like these never happen again. The safety and integrity of our operations remains our highest priority. Enbridge s job is to deliver the energy that North Americans need safely, reliably and efficiently. That is our primary social responsibility.

MANAGEMENT AND BOARD CHANGES

We wish to express our sincerest thanks to Steve Letwin, who retired from Enbridge as Executive Vice President, Gas Transportation & International, in October 2010. Steve was a significant contributor over his 11 years as a member of Enbridge s leadership team. Enbridge announced a new structure for its executive management team to capitalize on their strengths and reflect the continued growth and evolution of the Company.

In November 2010, the Board of Directors announced the appointment of Maureen Kempston-Darkes, retired Group Vice President and President, Latin America, Africa and Middle East, General Motors Corporation, and the first woman to lead General Motors of Canada. As a successful and accomplished Canadian businesswoman with experience in the automotive, transportation and energy industries, she brings a valued perspective to Enbridge s Board.

IN CONCLUSION

Our positive financial results in 2010 reflect the collective efforts of our 6,400 employees across the organization to achieve our vision of being the leading energy delivery company in North America. We thank all of them for their outstanding work and continuing commitment to our corporate values.

Enbridge has an exceptionally strong asset base, a proven ability to develop new businesses, and a track record of on-time, on-budget execution. The Company offers investors visible and sustained earnings growth, a substantial and growing dividend and a very reliable business model.

The unique combination of these attributes will continue to deliver superior results for our shareholders solid returns that you can count on.

David A. Arledge

Chair of the Board of Directors

Patrick D. Daniel

President and Chief Executive Officer

March 2, 2011

CORPORATE GOVERNANCE

Board of Directors *(left to right)*

David A. Leslie *Corporate Director, Toronto, Ontario*

Charles W. Fisher *Corporate Director, Calgary, Alberta*

Patrick D. Daniel *President & Chief Executive Officer, Enbridge Inc., Calgary, Alberta*

Charles E. Shultz *Chair & Chief Executive Officer, Dauntless Energy Inc., Calgary, Alberta*

Catherine L. Williams *Corporate Director, Calgary, Alberta*

George K. Petty *Corporate Director, San Luis Obispo, California*

David A. Arledge *Chair of the Board, Enbridge Inc., Naples, Florida*

J. Lorne Braithwaite *Corporate Director, Thornhill, Ontario*

V. Maureen Kempston-Darkes *Corporate Director, Weston, Florida*

Dan C. Tutcher *Corporate Director, Houston, Texas*

J. Herb England *Chairman & Chief Executive Officer, Stahlman-England Irrigation Inc., Naples, Florida*	**James J. Blanchard** *Senior Partner, DLA Piper U.S., LLP, Beverly Hills, Michigan*

At Enbridge, corporate governance means that a comprehensive system of stewardship and accountability is in place and functioning among Directors, management and employees of the Company.

Enbridge is committed to the principles of good governance, and the Company employs a variety of policies, programs and practices to manage corporate governance and ensure compliance.

The Board of Directors is responsible for the overall stewardship of Enbridge and, in discharging that responsibility, reviews, approves

and provides guidance with respect to the strategic plan of the Company and monitors implementation.

The Board approves all significant decisions that affect the Company and reviews its results. The Board also oversees identification of the Company s principal risks on an annual basis, monitors risk management programs, reviews succession planning and seeks assurance that internal control systems and management information systems are in place and operating effectively.

FINANCIAL RESULTS

Management s Discussion and Analysis

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

170 Enbridge Businesses

MANAGEMENT S DISCUSSION AND ANALYSIS

This Management s Discussion and Analysis (MD&A) dated February 18, 2011 should be read in conjunction with the audited consolidated financial statements and notes thereto of Enbridge Inc. (Enbridge or the Company) for the year ended December 31, 2010, which are prepared in accordance with Canadian generally accepted accounting principles (GAAP). All financial measures presented in this MD&A are expressed in Canadian dollars, unless otherwise indicated. Additional information related to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com.

Overview

Enbridge is a North American leader in delivering energy. As a transporter of energy, Enbridge operates, in Canada and the United States, the world s longest crude oil and liquids transportation system. The Company also has a significant involvement in the natural gas transmission and midstream businesses. As a distributor of energy, Enbridge owns and operates Canada s largest natural gas distribution company and provides distribution services in Ontario, Quebec, New Brunswick and New York State. As a clean energy generator, Enbridge is expanding its interests in renewable and green energy technologies, including wind, solar, and geothermal energy, and hybrid fuel cells. Enbridge employs approximately 6,400 people, primarily in Canada and the United States.

The Company s activities are carried out through five business segments: Liquids Pipelines, Gas Distribution, Gas Pipelines, Processing and Energy Services, Sponsored Investments and Corporate, as discussed below.

LIQUIDS PIPELINES

Liquids Pipelines consists of common carrier and contract crude oil, natural gas liquids (NGLs) and refined products pipelines and terminals in Canada and the United States, including the Enbridge System, the Enbridge Regional Oil Sands System, Southern Lights Pipeline and other feeder pipelines.

GAS DISTRIBUTION

Gas Distribution consists of the Company s natural gas utility operations, the core of which is Enbridge Gas Distribution Inc. (EGD) which serves residential, commercial and industrial customers, primarily in central and eastern Ontario as well as northern New York State. This business segment also includes natural gas distribution activities in Quebec and New Brunswick.

GAS PIPELINES, PROCESSING AND ENERGY SERVICES

Gas Pipelines, Processing and Energy Services consists of investments in natural gas pipelines, processing and green energy projects, the Company s commodity marketing businesses, and international activities.

Investments in natural gas pipelines include the Company s interests in the United States portion of Alliance Pipeline (Alliance Pipeline US), Vector Pipeline and transmission and gathering pipelines in the Gulf of Mexico. Investments in processing includes the Company s interest in Aux Sable, a natural gas fractionation and extraction business. The commodity marketing businesses manage the Company s volume commitments on Alliance and Vector Pipelines, as well as perform commodity storage, transport and supply management services, as principal and agent.

SPONSORED INVESTMENTS

Sponsored Investments includes the Company s 25.5% ownership interest in Enbridge Energy Partners, L.P. (EEP), Enbridge s 66.7% investment in the United States segment of the Alberta Clipper Project through EEP and Enbridge Energy, L.P. (EELP) and an overall 72% economic interest in Enbridge Income Fund (EIF), held both directly and indirectly through Enbridge Income Fund Holdings Inc. (EIFH). Enbridge manages the day-to-day operations of, and develops and assesses opportunities for each of these investments, including both organic growth and acquisition opportunities.

EEP transports crude oil and other liquid hydrocarbons through common carrier and feeder pipelines and transports, gathers, processes and markets natural gas and NGLs. The primary operations of EIF include a crude oil and liquids pipeline and gathering system, a 50% interest in the Canadian portion of Alliance Pipeline (Alliance Pipeline Canada) and partial interests in several green energy investments.

CORPORATE

Corporate consists of the Company s investment in Noverco Inc. (Noverco), new business development activities, general corporate investments and financing costs not allocated to the business segments.

Performance Overview

	Three Months Ended December 31,		Year Ended December 31,		
(millions of Canadian dollars, except per share amounts)	**2010**	2009	**2010**	2009	2008
Earnings Applicable to Common Shareholders		[redacted]		[redacted]	[redacted]
[redacted]	**117**	[redacted]	**512**	[redacted]	[redacted]
[redacted]	**60**	[redacted]	**155**	[redacted]	[redacted]
[redacted]	**32**	[redacted]	**121**	[redacted]	[redacted]
[redacted]	**56**	[redacted]	**137**	[redacted]	[redacted]
[redacted]	**61**	[redacted]	**38**	[redacted]	[redacted]
[redacted]	**326**	[redacted]	**963**	[redacted]	[redacted]
[redacted]	**0.87**	[redacted]	**2.60**	[redacted]	[redacted]
[redacted]	**0.86**	[redacted]	**2.57**	[redacted]	[redacted]
Adjusted Earnings 1		[redacted]		[redacted]	[redacted]
[redacted]	**117**	[redacted]	**512**	[redacted]	[redacted]
[redacted]	**54**	[redacted]	**167**	[redacted]	[redacted]
[redacted]	**31**	[redacted]	**123**	[redacted]	[redacted]
[redacted]	**48**	[redacted]	**209**	[redacted]	[redacted]
[redacted]	**(12)**	[redacted]	**(27)**	[redacted]	[redacted]
[redacted]	**238**	[redacted]	**984**	[redacted]	[redacted]
[redacted]	**0.64**	[redacted]	**2.66**	[redacted]	[redacted]
Cash Flow Data		[redacted]		[redacted]	[redacted]
[redacted]	**375**	[redacted]	**1,851**	[redacted]	[redacted]
[redacted]	**(746)**	[redacted]	**(2,674)**	[redacted]	[redacted]
[redacted]	**152**	[redacted]	**749**	[redacted]	[redacted]

Dividends				
	163		648	
	0.425		1.70	
Revenues				
	3,280		11,990	
	863		3,137	
	4,143		15,127	
Total Assets	30,120		30,120	
Total Long-Term Liabilities	18,542		18,542	

EARNINGS APPLICABLE TO COMMON SHAREHOLDERS

Earnings applicable to common shareholders for the three months ended December 31, 2010 were $326 million, an increase of $26 million compared with $300 million for the fourth quarter of 2009. The increase was primarily attributable to higher Sponsored Investments earnings, including Alberta Clipper contributions and a dilution gain on reduced ownership in EEP, as well as increased unrealized foreign exchange and derivative gains in Corporate. Offsetting these increases were lower contributions from Liquids Pipelines due in part to the elimination of annual performance metrics under the 2010 interim toll agreement, lower contributions from Gas Distribution due to higher operating costs and additional remediation costs on the Line 6B and 6A crude oil releases as discussed below.

Earnings applicable to common shareholders were $963 million, or $2.60 per common share, for the year ended December 31, 2010, compared with $1,555 million, or $4.27 per common share, for the year ended December 31, 2009. The Company s earnings for 2010 included the positive impacts of projects coming into service in 2010, including the Alberta Clipper, Southern Lights Pipeline and the Sarnia Solar energy projects. Compared with 2009, earnings have increased further due to customer growth in Gas Distribution and improved contributions from green energy, partially offset by less favourable weather conditions in the Company s gas distribution franchise areas. These operational improvements were overwhelmed by the absence of one-time favourable items experienced in 2009, including a $329 million gain on the disposal of Oleoducto Central S.A. (OCENSA) and unrealized derivative and intercompany foreign exchange gains.

Additionally, 2010 results were impacted by the Line 6B and 6A crude oil releases. Earnings for the fourth quarter of 2010 and for the year ended December 31, 2010 reflected the Company s share of EEP s costs, before insurance recoveries and excluding fines and penalties, of $21 million and $103 million, respectively, related to these incidents. Lost revenue associated with downtime on both Line 6B and 6A of $3 million (net to Enbridge) further contributed to the year-over-year decrease in earnings. See *Sponsored Investments Enbridge Energy Partners EEP Lakehead System Line 6B and 6A Crude Oil Releases.*

Comparability of earnings applicable to common shareholders for the year ended December 31, 2010 with the prior year is impacted by the effect of unrealized derivative and intercompany foreign exchange gains and losses which totaled a gain of $59 million in 2010 compared with a gain of $305 million in 2009. Further, earnings for the year ended December 31, 2009 reflected gains on the disposition of investments, including OCENSA, of $354 million whereas no dispositions occurred in 2010.

Compared with 2008, earnings applicable to common shareholders for the year ended December 31, 2009 increased $234 million. Included in earnings for the year ended December 31, 2009 was a $329 million gain related to the sale of the Company s investment in OCENSA and a $25 million gain related to the sale of NetThruPut (NTP). Earnings for the year ended December 31, 2008 included a gain of $556 million related to the sale of the Company s investment in Compañía Logística de Hidrocarburos CLH, S.A. (CLH). The remaining variances primarily resulted from allowance for equity funds used during construction (AEDC) in Liquids Pipelines and Sponsored Investments, as well as a higher contribution from EEP, and movements in unrealized fair value gains and losses on derivative instruments and unrealized foreign exchange gains on the translation of foreign denominated intercompany loans.

ADJUSTED EARNINGS

Adjusted earnings were $238 million, or $0.64 per common share, for the three months ended December 31, 2010, compared with $239 million, or $0.64 per common share, for the three months ended December 31, 2009. Positive contributors in the quarter included Gas Pipelines, Processing and Energy Services whose Aux Sable and Energy Services businesses benefited from favourable margins in the period and who also incurred lower business development costs compared with the fourth quarter of 2009. Adjusted earnings from Sponsored Investments increased due to contributions from Alberta Clipper, both through EEP and EELP, and the acquisition of gas gathering assets in the fourth quarter of 2010. Partially offsetting these items are lower adjusted earnings from Liquids Pipelines due primarily to the 2010 interim toll agreement no longer including annual performance metrics, higher business development costs and higher taxes. Gas Distribution also incurred higher operating costs, depreciation and taxes in the fourth quarter of 2010 compared with the same period of 2009.

Adjusted earnings were $984 million, or $2.66 per common share, for the year ended December 31, 2010, compared with $855 million, or $2.35 per common share, for the year ended December 31, 2009. The increase in adjusted earnings primarily reflected contributions from projects coming into service, including the Alberta Clipper Project, the Southern Lights Pipeline and the Sarnia Solar Project, as well as strong performance from the Company s existing liquids and natural gas assets. The Company also realized improved adjusted earnings from Gas Distribution due to customer growth and favourable operating performance. Sponsored Investments further contributed to year-over-year increases in adjusted earnings, benefiting from EEP contributions and its expansions and acquisition completed in 2010.

Adjusted earnings for the year ended December 31, 2009 were $855 million, or $2.35 per common share, compared with $677 million, or $1.88 per common share, for the year ended December 31, 2008. The $178 million increase over 2008 was largely driven by higher adjusted earnings from Enbridge System and Southern Lights Pipeline, within Liquids Pipelines, including the impact of AEDC. Adjusted earnings in 2009 also include an increased contribution from EEP resulting from higher crude oil delivery volumes, tariff surcharges for recent expansions, and the Company s increased ownership interest. Further positive contributions were realized by Enbridge Offshore Pipelines (Offshore) due to higher volumes and Energy Services due to higher volumes and the impact of realizing favourable storage and transportation margins.

CASH FLOWS

The Company s strong operating results and the success of its growth projects resulted in cash provided by operating activities of $1,851 million for the year ended December 31, 2010. Operating cash flow, together with cash provided by financing activities, funded the Company s ongoing growth initiatives in 2010, including capital expenditures of $2,357 million.

For the three months ended December 31, 2010, cash provided by operating and financing activities substantially funded investing activities of $746 million, which consisted primarily of capital expenditures. The decline in additions to property, plant and equipment in the fourth quarter of 2010 compared with the fourth quarter of 2009 reflected the completion of several substantial construction projects that were under development in 2009, including Alberta Clipper and Southern Lights Pipeline.

DIVIDENDS

The Company has paid, and consistently increased, common share dividends since its public inception in 1953. Based on estimated 2011 dividends, the annual rate of increase has averaged 10.8% since 2001 and 10.1% since inception. In December 2010, the Company announced a 15% increase in its quarterly dividend to $0.49 per common share, or $1.96 annualized, effective March 1, 2011. The Company continues to target a payout of approximately 60% to 70% of adjusted earnings as dividends and, with the most recent dividend increase, the 2011 payout is expected to be near the upper end of the range. In 2010, dividends paid per share were 64% of adjusted earnings per share (2009 63%, 2008 70%).

The following chart shows dividends per common share for the last 10 years, as well as estimated dividends for 2011, based on the quarterly dividend of $0.49 per common share declared by the Board of Directors on December 1, 2010.

REVENUES

The Company generates revenue from two primary sources: commodity sales, and transportation and other services.

Commodity sales revenue of $11,990 million (2009 $9,720 million) is earned through the Company s natural gas distribution and energy marketing activities and is subject to fluctuations in commodity prices. While revenues generated by the natural gas distribution business vary with the price of natural gas, earnings are not affected due to the pass through nature of these costs. Similarly, the impact of commodity prices on revenues derived from the Company s energy marketing activities do not directly impact earnings since commodity prices also affect input costs associated with such activities. The period-over-period variances in commodity sales are primarily driven by natural gas and crude oil commodity prices and similar trends were experienced in commodity costs over these periods.

Transportation and other services includes revenue derived from the Company s liquids transportation and natural gas transmission services, renewable energy generation and related services. Contributing to the increase in transportation and other services revenue in 2010 are Alberta Clipper and Southern Lights Pipeline, which entered service in April 2010 and July 2010, respectively.

For the year ended December 31, 2010, transportation and other services revenue increased to $3,137 million compared with $2,746 million in 2009. Main contributors to this variance include increased contributions from Liquids Pipelines growth projects that entered service in 2010, including Alberta Clipper and Southern Lights Pipeline and full year contributions from the initial phase of the Sarnia Solar Project which entered service in December 2009 as well as the expansion which was completed in September 2010.

FORWARD-LOOKING INFORMATION

Forward-looking information, or forward-looking statements, have been included in this MD&A to provide the Company s shareholders and potential investors with information about the Company and its subsidiaries and affiliates, including management s assessment of Enbridge s and its subsidiaries future plans and operations. This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as anticipate , expect , project , estimate , forecast , plan , intend , target , believ and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information or statements included or incorporated by reference in this document include, but are not limited to, statements with respect to: expected earnings or adjusted earnings; expected earnings or adjusted earnings per share; expected costs related to projects under construction; expected in-service dates for projects under construction; expected capital expenditures; estimated future dividends; and expected costs related to leak remediation and potential insurance recoveries.

Although Enbridge believes that these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Material assumptions include assumptions about: the expected supply and demand for crude oil, natural gas and natural gas liquids; prices of crude oil, natural gas and natural gas liquids; expected exchange rates; inflation; interest rates; the availability and price of labour and pipeline construction materials; operational reliability; customer project approvals; maintenance of support and regulatory approvals for the Company s projects; anticipated in-service dates; and weather. Assumptions regarding the expected supply and demand of crude oil, natural gas and natural gas liquids, and the prices of these commodities, are material to and underlay all forward-looking statements. These factors are relevant to all forward-looking statements as they may impact current and future levels of demand for the Company s services. Similarly, exchange rates, inflation and interest rates impact the economies and business environments in which the Company operates, may impact levels of demand for the Company s services and cost of inputs, and are therefore inherent in all forward-looking statements. Due to the interdependencies and correlation of these macroeconomic factors, the impact of any one assumption on a forward-looking statement cannot be determined with certainty, particularly with respect to expected earnings or adjusted earnings and associated per share amounts, or estimated future dividends. The most relevant assumptions associated with forward-looking statements on projects under construction, including estimated in-service dates, and expected capital expenditures include: the availability and price of labour and pipeline construction materials; the effects of inflation and foreign exchange rates on labour and material costs; the effects of interest rates on borrowing costs; and the impact of weather and customer and regulatory approvals on construction schedules.

Enbridge s forward-looking statements are subject to risks and uncertainties pertaining to operating performance, regulatory parameters, project approval and support, weather, economic and competitive conditions, exchange rates, interest rates, commodity prices and supply and demand for commodities, including but not limited to those risks and uncertainties discussed in this MD&A and in the Company s other filings with Canadian and United States securities regulators. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and Enbridge s future course of action depends on management s assessment of all information available at the relevant time. Except to the extent required by law, Enbridge assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward looking statements, whether written or oral, attributable to Enbridge or persons acting on the Company s behalf, are expressly qualified in their entirety by these cautionary statements.

NON-GAAP MEASURES

This MD&A contains references to adjusted earnings/(loss), which represent earnings or loss applicable to common shareholders adjusted for non-recurring or non-operating factors on both a consolidated and segmented basis. These factors are reconciled and discussed in the financial results sections for the affected business segments. Management believes that the presentation of adjusted earnings/(loss) provides useful information to investors and shareholders as it provides increased transparency and predictive value. Management uses adjusted earnings/(loss) to set targets, assess performance of the Company and set the Company s dividend payout target. Adjusted earnings/(loss) and adjusted earnings/(loss) for each of the segments are not measures that have a standardized meaning prescribed by Canadian GAAP and are not considered GAAP measures; therefore, these measures may not be comparable with similar measures presented by other issuers. See *Non-GAAP Reconciliations* for a reconciliation of the GAAP and non-GAAP measures.

Corporate Vision and Key Objective

Enbridge s vision is to be the leading energy delivery company in North America. While the Company may be viewed as having achieved elements of this vision, enhancing and sustaining this position remains a continuing long-term pursuit. The Company s objective is to generate superior economic value for shareholders through investing capital in energy infrastructure businesses which generate reliable earnings and cash flow. Consistently applied, such stewardship should continue to generate attractive returns on invested capital and, in turn, provide for consistent and growing dividend distributions and related capital appreciation to its shareholders.

Corporate Strategy

In support of its long-term vision and objective, the Company employs several key strategies that guide decision making across the enterprise. The Company s strategies include:

- focusing on project execution and operating excellence;
- leveraging the strategic location of its existing asset base;
- developing new platforms for growth and diversification;
- maintaining financial strength and flexibility; and
- developing people, safety and environmental stewardship, and corporate social responsibility.

Enbridge s strategy is reviewed annually with direction from its Board of Directors. The Company continually assesses ways to generate value for shareholders, including reviewing opportunities that may lead to acquisitions, dispositions or other strategic transactions, some of which may be material. Opportunities are screened, analyzed and must meet operating, strategic and financial criteria before being pursued.

FOCUSING ON PROJECT EXECUTION AND OPERATIONS

Effective management of operations and project execution is the foundation of Enbridge s strategic plan. Operational excellence is particularly critical in an environment where customers have become increasingly cost conscious, competition in the Company s core business has intensified and environmental stewardship has heightened.

Successful execution of the existing slate of commercially secured projects is a significant driver of Enbridge s near-term earnings and cash flow growth, and, therefore, a strategic priority. Project execution is a core competency at Enbridge and the Company continues to build upon its project management skills and processes, primarily through the Major Projects support team which was established in early 2008. Major Projects manages projects above $50 million for all liquids, natural gas and renewable projects and continues to deliver projects on time and on budget. Major Projects focuses on success factors such as cost estimation, regulatory permitting, material and labour sourcing and project governance. All Major Projects are governed through a formal, disciplined stage gating process which requires the completion of pre-defined project deliverables, such as project execution and risk management plans, prior to management approving projects to proceed through predefined stage gates within the project lifecycle. This competency is highly valued and represents another Enbridge strength when competing for new business.

With respect to safety and system integrity, Enbridge employs the best available practices and technologies for integrity management, systems maintenance and operations in order to mitigate risks to the public, our employees and the environment.

STRENGTHENING OUR CORE BUSINESS

The Company has an established history of serving the North American transportation needs of key crude oil and natural gas markets. The Company is focused on adding value for customers and improving customers profitability. This focus has aligned the Company with its customers and relevant supply and demand fundamentals and has consistently formed a basis for the Company s strategy. However, evolving supply and demand fundamentals and growing competition are serving to create new opportunities and challenges within the Company s core businesses. Amid this changing business environment, the Company is strengthening its core business position and aggressively pursuing new opportunities to expand and extend its current asset base.

Extending the reach of the current asset base is a multi-faceted objective. Key strategies within the Liquids Pipelines segment include regional pipeline development, gathering system and storage infrastructure expansion and new market access. Regional pipeline development primarily includes projects which connect new oil sands lease production to existing hubs upstream of the Canadian mainline. Enbridge s planned investment of $2.6 billion in commercially secured regional oil sands transportation facilities that are expected to go into service between 2011 and 2014 continue to advance this objective. The Company is also expanding its gathering systems in Saskatchewan and North Dakota which are strategically located to capture increased production from the Bakken play. As transportation needs grow so too do terminal and storage infrastructure requirements throughout the network, and the Company s strategy is to seek opportunities to provide additional capacity in the Fort McMurray and Hardisty, Alberta regions as well as in the Cushing, Oklahoma area. The Company continues to pursue opportunities to provide its customers broader market access for Canadian bitumen and synthetic crudes and provide new sources of supply for refiners. These efforts include leveraging existing pipeline networks into additional United States markets as well as developing the proposed Northern Gateway pipeline to provide access to markets off the Pacific Coast of Canada.

The fundamentals of the natural gas market in North America have been altered significantly in recent years with the emergence of unconventional shale gas plays. The Company s natural gas strategy includes expanding its footprint in these emerging areas. Alliance Pipeline is well positioned to service the Montney play in northeast British Columbia and the Bakken play, and is currently evaluating opportunities to expand its service offerings in that area. In addition to these onshore strategies, the Company continues to pursue and win natural gas gathering expansion opportunities for ultra-deep projects in the Gulf of Mexico which improve the risk and return profile of its investment in this area.

DEVELOPING NEW PLATFORMS FOR GROWTH AND DIVERSIFICATION

The development of new platforms to diversify and sustain long-term growth is an important strategy for Enbridge. Renewable energy is a significant source of potential new growth as government initiatives and changing social beliefs are creating new opportunities to deliver green energy solutions with risk and return characteristics consistent with Enbridge s business model. Renewable energy projects can deliver stable cash flows and attractive returns through the use of long-term power purchase agreements and fixed price engineering, procurement and construction contracts. Renewable energy is also an important part of Enbridge s corporate social responsibility strategies, particularly with respect to greenhouse gas emissions (GHG) and the environment. Business development efforts in renewable energy are focused primarily on clean power projects, including wind, solar, waste heat recovery, fuel cell, geothermal and natural gas fired generation initiatives.

Similar to renewable energy, carbon dioxide (CO2) capture and sequestration not only supports Enbridge s social investment strategy but also represents a potentially significant investment opportunity, should the technology prove viable.

The Company s Alternative and Emerging Technologies group is exploring other longer-term energy technologies to sustain the Company s favourable position. In addition, the International group is actively seeking new opportunities outside of North America.

PRESERVING FINANCIAL STRENGTH AND FLEXIBILITY

Disciplined capital management is a fundamental and company differentiating characteristic. As an asset-intensive business, Enbridge creates value for its investors through maximizing the spread between its return on invested capital and its cost of funds. Enbridge s financial strategies are designed to ensure the Company has sufficient liquidity to meet its capital requirements. To support this objective, the Company develops financing plans and strategies to maintain and improve Enbridge s credit ratings, diversify its funding sources and maintain ready access to capital markets in both Canada and the United States.

A key tenet of the Company s reliable business model is mitigation of exposure to market price risks. As a result, the Company has developed a robust risk management process which ensures earnings volatility from market price risk remains contained. Enbridge will continue to proactively hedge interest rate, foreign exchange and commodity price exposures. As well, the continued management of counterparty credit risk remains an ongoing priority.

DEVELOPING PEOPLE

Strong employees and leaders are the foundation of any successful company and developing its people remains a strategic priority for Enbridge. Key priorities related to building and improving Enbridge s organizational and workforce capabilities and Human Resource services include:

- strengthening the leadership culture;
- enabling and accelerating career development for leaders and employees;
- developing capability and capacity for effective change management;
- reinforcing a values-based organization; and
- ensuring human resource systems can provide strategic information for decision making.

RESPONDING TO ENVIRONMENTAL PRIORITIES

Enbridge has strong corporate social responsibility practices. Enbridge defines corporate social responsibility as conducting business in an ethical and responsible way, protecting the environment and the health and safety of people, supporting human rights and engaging, respecting and supporting the communities and cultures with which the Company works. Enbridge s 2010 Corporate Social Responsibility Report can be found at http://www.enbridge.com/AboutEnbridge/CorporateSocialResponsibility/CSRReports.aspx. None of the information contained on, or connected to, the Enbridge website is incorporated or otherwise part of this MD&A.

In 2009, the Company launched an enterprise-wide goal of achieving a neutral environmental footprint by 2015. The goal consists of three key commitments:

- we will plant a tree for every tree we remove to build new facilities;
- we will conserve an acre of natural or wilderness land for every acre we permanently impact from the construction of new facilities; and
- we will generate a kilowatt hour of renewable energy, through our investments in renewable energy, for each kilowatt hour of power consumed by our operations.

Land impacts will be addressed as soon as practically possible, but within five years of the in-service date of the project responsible for triggering the neutral footprint obligation. To achieve its neutral footprint goal, Enbridge is working with the Nature Conservancy of Canada and will work with nature conservancies in the United States to help purchase natural wilderness lands throughout North America. Progress on the Company s neutral footprint initiative include:

- 155,000 trees removed; 150,000 tree seedlings planted
- 624 acres disturbed; 1,118 acres conserved through the Nature Conservancy of Canada

- electricity consumption is forecast to increase, over the 2008 consumption level, by 1,077 gigawatts per hour (GWh) by 2015; Enbridge s existing renewable power generating facilities and those under construction will produce approximately 2,170 GWh

Industry Fundamentals

SUPPLY AND DEMAND FOR LIQUIDS

Canadian crude exports continue to grow into the United States, further solidifying Canada as its number one supplier. Combined conventional and oil sands established reserves of approximately 175 billion barrels suggest that Canada will continue to grow this relationship, albeit against growing concern over the environmental footprint of oil sands crude. The National Energy Board (NEB) estimates that total Western Canadian Sedimentary Basin (WCSB) production averaged approximately 2.6 million barrels per day (bpd) in 2010 (2009 2.4 million bpd; 2008 2.4 million bpd).

Sustained oil prices above the $70 mark have led to resurgence in oil sands project announcements that had slowed during the economic downturn. These announcements provide optimism for oil sands production growth in the medium term. The question remains whether industry can avoid the capital cost inflation which overwhelmed projects during the most recent boom as companies competed for resources. The Canadian Association of Petroleum Producers (CAPP) June 2010 growth case estimates indicate that future WCSB production is expected to steadily increase by 4% annually to more than 3.7 million bpd by 2020. This forecasted growth of 1.1 million bpd is largely attributed to increased oil sands production in Alberta.

World crude oil demand was approximately 2 million bpd higher in 2010 relative to 2009, with China as the major contributor of demand growth. North American demand growth remains relatively flat and is projected to remain that way into the near future. The continued growth of biofuels further suppresses United States crude requirements. Canadian crude imports into the United States Midwest are growing while United States overall crude imports from other countries has declined relative to past years. Midwest refinery runs and margins are showing stability versus other markets. Planned reconfiguration of refineries in the Midwest will increase the demand for Canadian crude into one of Enbridge s key markets.

With the expected increase in heavy oil production in western Canada, there is an increasing requirement for condensate (or similar light commodity) to be used as a blending agent in order to transport these high viscosity volumes to market. Condensate is a light hydrocarbon which is conventionally a bi-product of natural gas production or NGLs fractionation. Production of this commodity is decreasing in western Canada but, with the increasing demand for diluents from heavy oil producers, there has been an increasing need to import. Currently, volumes are transported via rail to Alberta from the United States as well as from international sources via tankers and rail from the West Coast. Also in mid-2010, Enbridge s Southern Lights condensate pipeline began importing incremental volumes of condensate from the United States to Alberta to meet producer s needs.

SUPPLY AND DEMAND FOR NATURAL GAS

The North American natural gas market has entered into a period of abundant supply primarily due to horizontal drilling of shale gas plays in the United States. Rapidly evolving drilling and completion technologies have increased the average productivity of new wells and reversed the established trend of diminishing productivity. Improved well productivity and drilling efficiencies have combined to reduce production costs such that shale gas production is among the most economic source of gas in North America. Considering the widespread nature and vast resource endowment of unconventional gas, North America is expected to have excess supply for some time. As such, several projects to import liquefied natural gas (LNG) into North America were cancelled during the year; instead, proposals to export LNG derived from domestic production have gained momentum. Further, projects to transport northern gas to southern markets have been deferred. Despite delays with the construction and commissioning of liquefaction facilities, global LNG capacity expanded significantly in 2010. LNG imports are expected to remain close to contractual minimums for several years; conversely, North American spot cargoes of LNG are expected to be delivered to markets in Asia, Europe and South America in the near future.

Emphasis in drilling shifted over the year from the established shale plays in the mid-continent region (such as the Barnett, Fayetteville and Woodford shale plays) to the massive and higher-productivity plays such as Haynesville in northwest Louisiana, Marcellus in Appalachia and the Montney region in northeast British Columbia. In addition, producers have been increasingly shifting attention to more liquids-rich targets; namely, the Eagle Ford shale and Granite Wash plays in Texas. The rapid increase in drilling and corresponding production growth will continue to lead to abundant opportunities for gathering, processing and short-haul connectivity.

Regional production growth patterns have also impacted long-haul infrastructure. For example, rapid growth in production from the Marcellus shale play has contributed to sharply displace imports of Canadian gas into the northeast United States and has even spurred proposals to export gas into eastern Canada.

Weather extremes in both winter and summer seasons helped to propel North American natural gas demand in 2010. Gas demand was further supported by the recovering industrial sector following the recent economic recession, and an increased amount of gas for coal substitution in power generation as gas prices were comparatively weak. Although economic recovery was slowing in the second half of 2010, growth is expected to continue at a modest pace into 2011. Overall, natural gas demand should experience moderate growth over the next several years.

As growth in unconventional gas supply continues to outpace growth in demand, North America is expected to remain in a relatively low gas price environment. Moreover, gas prices will continue to experience downward pressure until gas drilling is reduced sufficiently to temper production growth. Oil prices, in contrast, are expected to increase; consequently, the wide disparity between gas and oil prices should continue to support strong gas processing and fractionation spreads.

SUPPLY AND DEMAND FOR GREEN ENERGY

While traditional forms of energy are expected to represent the major source of North American energy supply for years to come, a grass roots shift to a lower carbon intensive economy has commenced. As overall North American energy needs continue to grow, particularly the need for electricity to meet commercial and residential demand, opportunities arise for renewable energy projects driven by reduced reliance on carbon-intensive fuels and heightened environmental awareness. Renewable energy, including wind, solar and geothermal, is attractively positioned to capture a significant portion of incremental and replacement generation capacity over the next 25 years.

Electricity demand growth is expected to average approximately 1% to 2% annually to 2035. The Energy Information Administration (EIA) forecasts that United States generation capacity will increase by 220,000 megawatts (MW) or over 20% from 2010 to 2035, with the vast majority of new generation coming from gas-fired generation and renewable energy sources. According to the NEB, average Canadian electricity demand is expected to grow by 1% per year over the next ten years. Growth in nuclear and coal-fired generation is expected to be limited due to permitting challenges, long lead times and uncertainty of environmental regulations, leaving opportunity for incremental demand to be met by renewable sources and natural gas.

Expanding renewable energy infrastructure in North America is not without challenges. Projects are typically highly capital intensive and renewable technology is in early stages relative to mature energy sources. Further, renewable projects must balance the benefit of reduced carbon emissions with land disturbances and projects aesthetics. High quality wind and solar resources may often be found in regions at long distances from high demand markets, introducing the need for new transmission capacity to move the increasing supply of renewable power to markets. Renewable generation results in greater load variability, creating further opportunities for gas-fired generating capacity to support system reliability. Natural gas is abundant and low cost and will form a growing part of the generation supply mix in North America.

Many factors will impact the pace of future development in renewable energy, including, but not limited to, the pace of economic recovery, technological advances, future energy or climate change regulations and continued government support. The forecasted increase in power generation arising from renewable sources is in part supported by government incentives. The continuing ability to obtain tax or other government incentives, and the ability to secure long-term power purchase agreements through government or investor-owned power authorities is required to support project economics based on current costs and technologies. What is clear is that a mix of alternative energy sources will play an increasingly important role in the North American energy space for years to come and there will be a continued drive to develop and promote green energy.

Growth Projects

Over the last three years Enbridge has placed into service over $12 billion in growth projects. In 2010 alone, Enbridge placed into service $6.5 billion of growth projects, including the $3.5 billion Alberta Clipper project, the largest liquids pipeline project in the Company s history, as well as the $2.3 billion Southern Lights Pipeline. Enbridge has also secured over $6 billion in new infrastructure growth projects in strategically significant areas including the Canadian Oil Sands and Bakken formation, mid-west Texas and Louisiana shale gas plays and offshore natural gas and oil, as well as wind, solar and other renewable projects. In addition, the Company has a further $30 billion in growth opportunities under development, but not yet commercially secured, for the post-2011 period, of which it expects to be successful on a significant portion.

The table below summarizes the current status of the Company s commercially secured projects, separated into the Company s business segments. These growth projects are expected to help Enbridge sustain its anticipated average annual earnings per share growth rate of 10% through the middle of this decade.

	Actual/Estimated Capital Cost 1	Expenditures to Date	Expected In-Service Date	Status
(Canadian dollars, unless stated otherwise)				